

# Exhibit “G”

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# Brighter days ahead for SF museum, shelter after power dispute

Emily Green | April 18, 2017 | Updated: April 18, 2017 10:13 p.m.



The opening of the Dogpatch Navigation Center has been delayed by a dispute between PG&E and the city Public Utilities Commission over turning the power on.

Photo: Scott Strazzante, The Chronicle

Mayor Ed Lee has brokered a deal to get the lights turned on at a children's museum in Corona Heights and a homeless shelter in Dogpatch, temporarily ending a stalemate between the San Francisco Public Utilities Commission and Pacific Gas & Electric Co.

But the agreement doesn't resolve an underlying tension: PG&E's demand that the city invest hundreds of millions of dollars in infrastructure upgrades so that it may use PG&E transmission lines to power municipal customers. City Attorney Dennis Herrera calls it a "\$600 million shakedown."

Still, the deal solves the immediate problem — one that was embarrassing to both the city and PG&E as city projects languished because they couldn't get electricity. State Sen. Scott Wiener also waded into the debate, firing off a letter to PG&E last week blaming it for the delays and demanding that it take immediate action to get the facilities open — although months behind schedule.

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The Navigation Center, a service for homeless people, will get power by June, three months later than its scheduled opening and more than a year since it was first planned. Lee has made opening navigation centers, which offer relaxed rules and social workers on site, a centerpiece of his effort to deal with the homelessness crisis.

"Everyone is putting down their swords and shields to try and get this site opened," said Tyrone Jue, Lee's senior adviser on the environment.

The PUC wanted to power the site with Hetch Hetchy hydropower, which is cleaner and less expensive than the energy PG&E sells. After nearly five months of negotiations about issues like voltage and the location of electric poles, PG&E said it needed to analyze the impact of hydropower on the power grid. It said the city would have to pay \$25,000 for the study. After that, the city would need to make changes to the site based on the results of the analysis.

PG&E indicated, however, that it could provide its own power sooner and without a study, although at a higher price. The mayor finally agreed to that. The temporary nature of the center — it will be open for three years — was a major factor in the decision, Jue said.



Construction work continues at the Dogpatch Navigation Center. The opening of the center on 25th Street has been delayed by a dispute over turning the power on.

Photo: Scott Strazzante, The Chronicle

PUC spokesman Charles Sheehan said city officials had to choose between getting the center up and running and its goal of using 100 percent renewable energy by 2030.

"The city has got multiple goals. One of them is to deliver homeless services. Greenhouse gas emission reduction is also a priority goal," Sheehan said. "Sometimes you have to find a way of reconciling goals."

The Randall Museum, a children's natural-history and arts museum that had undergone renovations, will get power by August for a September opening date, six months after it was supposed to reopen.

That project also had been delayed because PG&E belatedly told the city that delivering hydropower would require an impact study.

Last week, Sheehan questioned the need for a study, given that the PUC has long powered the site using hydropower delivered through PG&E's transmission lines. Under the deal, the study will move forward, but PG&E has

assured the mayor's office that it can deliver electricity by August. The city has already paid PG&E the \$25,000 fee.

Supervisor Jeff Sheehy, whose district includes the museum, said he was glad a deal was reached but was unhappy the facility won't be open by summer.

"This is one of the few free things that kids can do in the city, and we have lost the summer," Sheehy said. "As a parent, I know that. What you do with your kids, especially the younger kids, in the summer is a big planning process for parents, and a lot of the options people end up taking advantage of are expensive. The Randall Museum has always been such a great option."

One project that also had been delayed because of the dispute between PG&E and the PUC was lighting at Noe Valley Town Square, a neighborhood space on 24th Street that opened in late 2016. PG&E is set to turn on the lights on Thursday. The project was not part of the negotiations with the mayor's office.

The issue in Noe Valley was about when PG&E would complete the project. Wiener said he had been asking the utility to turn on the lights since October. PG&E countered that the PUC was responsible for the delay because it changed the scope of the project.

Behind all these negotiations is a complaint the city filed against PG&E that could determine the fate of San Francisco's efforts to replace PG&E as the dominant energy provider in the city. PG&E says the city must invest in costly infrastructure upgrades to municipal buildings that receive Hetch Hetchy hydropower through PG&E's transmission lines. The city charges that PG&E's demands are an attempt to hold on to its monopoly in San Francisco.

The complaint is currently before the Federal Energy Regulatory Commission, but it may take years for a decision to come down because the commission doesn't have a quorum.

Jue said the mayor's goal is to figure out a path forward for the time being. Representatives from the mayor's office, PG&E, the PUC, and the Recreation and Park Department, which operates the Randall Museum, are set to meet Wednesday to discuss how to avoid delays on future projects.

"We are not going to be able to solve all the long-standing issues, but we need a better process moving forward so city projects aren't delayed," Jue said.

PG&E spokeswoman Andrea Menniti agreed. "We continue to collaborate with San Francisco Mayor Lee's office, the SFPUC and state Sen. Wiener's office to ensure the projects are moving forward safely and quickly as possible. Our partnership has led to progress," she said.

Debbie Raphael, director of the San Francisco Department of the Environment, said PG&E and the PUC have to find a solution.

"We need each other," Raphael said. "I think what you're seeing is an example of a transition in a relationship between two utilities. We will work it out. We have to work it out and we will."

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